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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

KRISTIN K. MAYES, Chairman  
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Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION  
AND PETITION OF PEERLESS NETWORK  
OF ARIZONA, LLC FOR CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO  
PROVIDE INTRASTATE TELECOM-  
MUNICATION SERVICES.

**DOCKET T-20590A-08-0175**  
**REQUEST FOR EXTENSION OF**  
**COMPLIANCE DEADLINE**  
**AND**  
**REQUEST FOR EXPEDITED**  
**PROCEDURAL CONFERENCE**

On May 5, 2009, the Arizona Corporation Commission ("Commission") issued Decision 70976 (the "Decision") granting the application of Peerless Network of Arizona, LLC, ("Peerless" or the "Company") for a certificate of convenience and necessity ("CC&N") to provide competitive intrastate telecommunications services. In the Decision, the Commission adopted the recommendation of Utilities Division Staff that Peerless be required to procure either a performance bond or an irrevocable sight draft letter of credit equal to \$225,000 and docket proof of the performance bond or irrevocable sight draft letter of credit within 30 days of the effective date the Decision, or by June 4, 2009. Peerless hereby requests an extension of the deadline, as described below, and requests that the Commission's Hearing Division schedule an expedited procedural conference to address this request on or before the June 4, 2009 compliance deadline.

Peerless is a new provider which has received a conditional CC&N to provide competitive facilities-based local exchange service, facilities-based long distance service, resold local exchange service, and resold long distance service. The required amount of the performance bond or irrevocable sight draft letter of credit for each of the facilities-

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based services (local and long distance) and the resold long distance service are as follows:<sup>1</sup>

Facilities-Based Local Exchange Service	\$100,000
Facilities-Based Long Distance Service	\$100,000
Resold Local Exchange Service	\$ 25,000

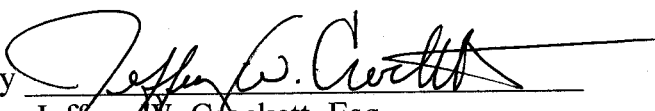
Peerless has found that the annual cost of obtaining a performance bond is relatively expensive for a new company such as Peerless. As a result, the Company has determined that it will likely opt to provide an irrevocable sight draft letter of credit to satisfy the requirements of the Decision. However, the Company has not yet commenced operations in Arizona, and does not anticipate providing service until later this year. Moreover, Peerless will likely initiate facilities-based local exchange service first, with other services to follow. For a new company with limited financial resources, the impact of setting aside the full \$225,000 in an account to secure a letter of credit is significant. Thus, Peerless requests that the Commission extend the compliance deadline in the Decision to permit Peerless to docket proof of an irrevocable sight draft letter of credit upon the earlier of (i) 30 days prior to providing the class of service to which the letter of credit pertains; or (ii) 365 days from the date of the Decision. For example, if Peerless plans to commence facilities-based local exchange service on October 1, 2009, the Company would docket proof of an irrevocable sight draft letter of credit in the amount of \$100,000 not later than September 1, 2009. Then, as other services are commenced, Peerless would docket proof that it has increased the amount of the irrevocable letter of credit to cover the other services. The Company would be required to docket proof of one or more irrevocable sight draft letters of credit totaling \$225,000 not later than May 4, 2010, which is one year from the date of the Decision.

<sup>1</sup> In its application, Peerless indicated that it would not collect advances or deposits from its customers. As a result, Staff did not recommend a performance bond or irrevocable sight draft letter for credit for the Company's resold long distance service.

Peerless submits that the extension of the compliance deadline as requested herein is in the public interest. It will provide Peerless with greater financial flexibility as it rolls out services in Arizona while still protecting the Company's customers. Therefore, the Company respectfully requests that the Commission approve the request set forth herein. In addition, Peerless respectfully requests that the Hearing Division schedule a procedural conference on or before June 4, 2009, to consider this request.

RESPECTFULLY SUBMITTED this 2nd day of June, 2009.

SNELL & WILMER

By   
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ORIGINAL and thirteen (13) copies of the foregoing filed this 2nd day of June, 2009, with:

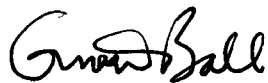
Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

COPY of the foregoing hand-delivered this 2nd day of June, 2009, to:

Belinda A. Martin, Administrative Law Judge  
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